

Economic Development Authority

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Mission

To encourage and facilitate business and capital attraction, retention and development in all of the business markets throughout Fairfax County in order to expand the County's nonresidential tax base.

Focus

The Fairfax County Economic Development Authority (FCEDA) is an independent authority legally created by an act of the Virginia General Assembly dated 1964, as amended. The Fairfax County Board of Supervisors appoints the seven members of the FCEDA's Commission, which in turn, appoints the FCEDA's President. The Board of Supervisors appropriates funds annually to the FCEDA for operating expenses incurred in carrying out its mission.

The FCEDA provides direct assistance to businesses that intend to establish or expand their operations in the County and assists businesses with information provision, site location assistance, introductions to needed services and financing sources, and more.

The County's office inventory increased slightly in 2003, totaling 101.5 million square feet as of the end of the year. Building deliveries in 2003 totaled approximately 608,000 square feet - the lowest annual figure since 1995. Deliveries in 2004 will be only slightly higher. Given the length of the construction process, there may be a lull in office deliveries from fall 2004 through fall 2005. New office construction contributes vital new revenue to the Fairfax County tax base and enables the County to provide a range and quantity of high-quality public services without adding to the burden of residential taxpayers.

From an absorption (leasing) perspective, the office market in Fairfax County showed strong signs of rebounding in 2003. Leasing activity in 2003 increased for the second consecutive year, topping 10.5 million square feet. This total was second only to the 12.7 million square feet of leasing recorded in 2000. This rise in activity pushed the overall county vacancy rate (which includes available sublet space) down from 17.3 percent at mid-year 2003 to 15.6 percent at yearend. The majority of future leasing activity should continue to center around the submarkets along the Dulles Toll Road and the Route 28 corridor due to the large blocks of available space remaining in those submarkets and the absence of any new office space deliveries on the horizon.

All indications point to a gradual recovery over the next 18-24 months. Lease rates have stabilized and have begun to slowly increase. Sublet space is steadily being absorbed or returned to the landlord in the form of relet space. Office leasing has increased each of the last two years and speculative construction has been relatively stagnant. If both of these factors remain constant, the vacancy rate should continue to decline barring any further downturns in the economy or a major upswing in speculative office development.

THINKING STRATEGICALLY

Strategic challenges for the Authority include:


- o Reducing the 15 million square feet of vacant office space to generate demand for new construction;
- o Building on already strong business segments including technology businesses, internationally-owned businesses and woman- and minority-owned businesses;
- o Continue to attract venture capital to support the growth of business; and
- o Enhance the effectiveness of the overall communications program.

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New Initiatives and Recent Accomplishments in Support of the Fairfax County Vision

 Maintaining Safe and Caring Communities	Recent Success	FY 2005 Initiative	Cost Center
Pursue advertising and promotional strategies, building upon past campaigns, to enhance the image of Fairfax County as a primary business location and increase awareness of, and familiarity with, Fairfax County among site location decision-makers, business executives and capital sources domestically and worldwide.	✓	✓	Administration
Focus advertising programming on new business attraction in national and international markets via print, radio, television and the Internet.	✓	✓	Administration
Support the Reston Visitors' Center, Greater Washington Initiative and the Community Business Partnership as approved by the Fairfax County Board of Supervisors.	✓	✓	Administration
Established a Bio-Accelerator facility in FY 2003 in Springfield, Virginia targeting the bio-informatics and biotechnology industries. Continue to develop the BioAccelerator as a focal point and catalyst for growth of bioinformatics and the biotechnology industry in Fairfax County. The BioAccelerator will attract and support the growth of such companies, creating a new employment base for the Springfield community and further diversifying the Fairfax County Economic base.	✓	✓	Administration
In FY 2003, 6,827 new jobs were created and \$238.8 million in venture capital was invested in Fairfax County. In FY 2005, EDA will continue its efforts to attract new jobs and venture capital to Fairfax County.	✓	✓	Administration
Encourage retention and growth of local businesses, including minority-owned and women-owned establishments, as well as to continue to clarify the FCEDA's role in revitalizing the County's older commercial areas.	✓	✓	Administration
Aggressively promote Fairfax County as a desirable place for domestic and international businesses to locate, and/or invest, as well as promote further expansion of existing business operations, meetings and seminars.	✓	✓	Administration

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 Creating a Culture of Engagement	Recent Success	FY 2005 Initiative	Cost Center
The EDA conceived and successfully hosted the Emerging Business Forum in Fairfax County in FY 2001, 2002 and 2003 to brand Fairfax County as THE place for minority businesses to grow and succeed. Co-sponsored the second two and one-half day Emerging Business Forum to focus attention on Fairfax County as the premiere location for minority businesses. In FY 2004, this event attracted over \$191,000 in sponsorship from Maryland, Washington, D.C. and Virginia businesses and communities.	✓	✓	Administration
Fund and support the Community Business Partnership, which provides assistance to minority and women-owned businesses in southern Fairfax County.	✓	✓	Administration

Budget and Staff Resources

Agency Summary					
Category	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Authorized Positions/Staff Years					
Exempt	33/ 33	33/ 33	33/ 33	33/ 33	33/ 33
Expenditures:					
Personnel Services	\$2,475,720	\$2,568,872	\$2,568,872	\$2,630,935	\$2,443,592
Operating Expenses	4,080,430	4,091,340	4,091,340	4,091,459	3,725,622
Capital Equipment	6,560	0	0	0	0
Total Expenditures	\$6,562,710	\$6,660,212	\$6,660,212	\$6,722,394	\$6,169,214

Position Summary					
1 Director (President) E	1 Director of Major Business E	1 Computer Systems Analyst II E			
1 Director of Communications E	1 Project Coordinator E	1 Management Analyst II E			
1 Director of International Marketing (Vice President, Marketing) E	14 Planners III E	2 Administrative Assistants V E			
1 Director of National Marketing E	1 Planner II E	2 Administrative Assistants IV E			
1 Program Director (Vice President, Management) E	2 Planners I E	1 Administrative Assistant III E			
	1 Information Officer III E	1 Administrative Associate E			
TOTAL POSITIONS					
33 Positions / 33.0 Staff Years					
E Denotes Exempt Positions					

FY 2005 Funding Adjustments

The following funding adjustments from the FY 2004 Revised Budget Plan are necessary to support the FY 2005 program:

- ◆ **Employee Compensation** **\$62,063**
An increase of \$62,063 is associated with salary adjustments necessary to support the County's compensation program.

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Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2005 Advertised Budget Plan, as approved by the Board of Supervisors on April 26, 2004:

- ◆ **Convention and Visitor's Bureau** **(\$251,117)**
As a result of recent General Assembly approval, the Board decided to increase the Transient Occupancy Tax by 2 percent effective July 1, 2004. As part of this decision, it was determined that no less than 25 percent of the revenue generated by this additional revenue source will be designated for a non-profit convention and visitor's bureau. Previously, an amount of \$251,117 was included in the FCEDA budget for this purpose. As a result, a decrease of \$251,117 is required as these funds previously budgeted in FCEDA will be used to supplement the funds raised by the increase in the Transient Occupancy Tax to fund a non-profit convention and visitors bureau.
- ◆ **Contribution to the Army Museum** **(\$240,000)**
A decrease of \$240,000 is included as funds previously budgeted in EDA are being redirected for a contribution to the establishment of the Army Museum at Fort Belvoir.
- ◆ **Personnel Services Reduction** **(\$62,063)**
A decrease of \$62,063 eliminates the FY 2005 salary adjustments in support of the County's compensation program.

Changes to FY 2004 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2004 Revised Budget Plan since passage of the FY 2004 Adopted Budget Plan. Included are all adjustments made as part of the FY 2003 Carryover Review and all other approved changes through December 31, 2003:

- ◆ There have been no revisions to this agency since the approval of the FY 2004 Adopted Budget Plan.

The following funding adjustments reflect all approved changes to the FY 2004 Revised Budget Plan from January 1, 2004 through April 19, 2004. Included are all adjustments made as part of the FY 2004 Third Quarter Review:

- ◆ The Board of Supervisors made no adjustments to this agency.

Key Performance Measures

Goal

To foster and promote the governmental, social, educational and environmental infrastructure to make Fairfax County a world-class, 21st Century business center and the global capital of the knowledge industry.

Objectives

- ◆ To create 7,785 new jobs in FY 2005.
- ◆ To continue to attract 1.53 percent of the market share of the number of venture capital deals in the United States against a national four-year rolling average to Fairfax County.

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Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate/Actual	FY 2004	FY 2005
Output:					
Business announcements	192	146	95 / 145	90	169
Jobs created	13,367	12,732	10,000 / 6,827	10,000	7,785
Companies entering incubator program	7	11	15 / 15	10	3
Incubator graduates staying in Fairfax County	1	1	4 / 4	5	2
Efficiency:					
Cost per job attracted	\$469	\$515	\$610 / \$911	\$619	\$796
Outcome:					
Venture capital attracted	1.60%	1.36%	1.40% / 1.42%	NA	NA
Venture capital deals	NA	NA	NA / NA	1.40%	1.53%

Performance Measurement Results

The effects of the general economic downturn in the economy, continued to be evident in the FY 2003 decrease in the number of jobs created during FY 2002 and the number estimated for FY 2003. As jobs decreased by more than 3,000 from the estimate, the cost per job created increased by more than \$300. The FY 2005 Outcome shows a percentage of the Market Share for Venture Capital funds in the United States that is projected to be attracted by Fairfax County businesses. The indicator reflects the percentages of deals attracted of the total number of Venture Capital deals in the United States, against a national rolling four-year average. In FY 2004, the FCEDA Commission approved a change in the Venture Capital metric from a percentage of investment (dollars) to a percentage of the number of deals, as reflected in the FY 2005 metric estimate. The FY 2003 achievement for this measure increased slightly over the estimate and the previous years' result.